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The MANAGEMENT REVIEW

Volume XV

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The **MANAGEMENT REVIEW**

December, 1926

Management's Share in Waste Elimination

By R. W. SPARKS, *Deputy Manager, Policyholders' Service Bureau,
Metropolitan Life Insurance Company*

MANAGEMENT'S changing status lately has been a point of profound discussion. Professor Wm. G. Ripley, the distinguished economist and railroad authority, recently rocked the foundation of the stock market with an article that convincingly shows the bandying of managerial control and the temptations this turmoil is developing. With little fear of correction, one might state, that the view of capital and management as one unit is a primitive picture. Today management takes money from the investor and pays it to the laborer, who in many cases is the same individual. On this trip around Robin Hood's Barn, however, management succeeds in making a selling product. In this business whirlpool, the bystander searches to discover who has control of the wheel and compass. From one quarter it is claimed that due to the creation of huge industrial combinations, the great diffusion of stock ownership and the extension of the issuance of non-voting stock, capital no longer steers the ship of industry, but has surrendered the wheel to management; while from another direction comes the assertion that the strength of trade unionism and the increase of employee stock ownership has wrested the compass from management.

Apparently the view depends upon the type of glasses the observer is using; the "Capital Lens" seeing one picture, the "Managerial Lens" another, and if you happen to be wearing the "Labor Lens" then the green water becomes blue and the blue, green.

Management in some form has always been with us and always will be, and whether or not its changing status will increase its importance is not dependent upon the type of glasses worn or the color of the water but upon management itself. Nobody knows this better than Management. Secretary Hoover and his Committee on Waste in Industry startled management, cap-

ital, labor and the public in general, when in 1921 they produced their report "Waste in Industry," a careful and diligent study which offered conclusive proof that the elimination of waste is management's greatest problem. In fact, management was charged and indicted with being responsible for half of all industrial waste!

Five years have passed since the indictment and in that time management has set its house in order and has accumulated abundant evidence of aggressive war on waste.

The Committee on Public Relations of the Eastern Railroads has just prepared a calendar which shows in a striking way what happens to each dollar we pay when shipping freight or purchasing transportation. It has long been contended that in the conduct of business wages are the biggest single item of expense. Therefore, we are not surprised to find that the railroad calendar shows that of the year's receipts, 157 days' receipts are taken to pay wages, 70 to buy materials and supplies, 41 for interest and rents, 27 for locomotive fuel, 21 for taxes, 19 for dividends, and 24 for all other expenses. All management knows that the experience of the railroad dollar differs little from that of the general business dollar.

The manifold conditions surrounding the subject of wages preclude its being covered in a discussion of this length, but aside from the wage question, the management of men is still a big problem and a review of some of management's progress with labor policies reveals accomplishments that have reduced the figures in the operating column of the financial statement.

For instance, the increase in centralized employment with its great saving of foremen's time, formerly taken for interviewing, is an opponent to be feared by wasteful labor turnover. Centralized employment's success in getting better grade applicants from the employing specialist who is familiar with the labor market, an expert in placing recruits in jobs where they will be most valuable to the company and to themselves, has helped to stabilize employment, and the systematized advancement such organized recruiting permits has developed working forces at work.

Spoiled goods, always a drain upon production, has been reduced by thorough training courses. Training is a double-edged sword that not only reduces the amount of spoilage but also develops expert workmen. Foremen training does not stop at machine management only, but now includes man management. Lack of interest in the job, the parent of "soldiering," is still a "leak at the bunghole" and cannot be stopped by "plugging the spigot" methods. Mutual benefit associations, pension plans, group insurance, and thrift and savings plans are a few of the successful moves made to interest the worker in his job, and there is a profitable lesson to be gained from many of the channels organized for the settling of grievances. If your hat happens to be a Knox or Stetson, it is made by employees who are cooperating with management through a representation plan; your trousers have probably been

created under similar conditions; and if you want soap that is more than 90 per cent pure, you purchase a product produced by Management and Men who meet in council periodically to discuss the company's affairs.

Great economies can also be effected by management in general organization and administration. What a maze organization has turned itself into today, starting at all points and running in all directions. Of course, there are lots of reasons (or are they alibis) that are advanced to explain this condition; the war with its ever ready explanation has been offered so many times that it is beginning to become threadbare and moth eaten. The sudden and rapid increase in installment buying, organized foreign competition such as we have experienced in the rubber industry, and the hand-to-mouth buying which the consumer used as a refuge from high prices and its spread to industry as a stabilizer have all tempted management to hardy counter moves which have created new departments and even new subsidiary companies with little thought concerning their proper place within the organization.

In many companies we find a collection of officers with a heterogeneous assortment of duties, frequently each a demigod in his own bailiwick with little or no regard for the aims or responsibilities of other departments.

Management has already agreed that job analysis is a good thing for the operative forces; it is equally good for the managerial end of the business. A clear definition of the functions of each officer and department head is one of the requirements of effective organization.

Organization and Coordination

There is nothing unique in this idea of organization and coordination, but up to the present time management has not placed the proper emphasis upon them. The Association's recent discussion of "Trends in Management Organization" indicates the importance of the subject. Management likes to think in terms of action and delights in setting the example for the rest of the company. There is an opportunity for action worthy of the most ambitious: organization, coordination, and function all linked together by a strong chain of economy.

Today more and more the success or failure of the enterprise rests upon the shoulders of management. It must weld a chain that can be relied upon at all times, without fear of breakage. Organization was developed to supply the unit lost when business passed from one man control. Management must see that its organization is a unit, then production control, maintenance, costs, simplification, and the myriad of other problems that are constantly harassing management can more easily be ironed out.

The changing status of management and its related problems will be simplified only when organization and man management are placed upon a firm and sound basis. Capital, management, and workers will then be one unit backed by capital, directed by management, and operated by men.

THE MANAGEMENT INDEX

Abstracts and News Items

OFFICE MANAGEMENT

Administration: *Regulations, Supplies, Communications*

Public Accountant Champions Vertical Filing of Office Supplies

The handling and storing of office stationery and general supplies is not only a question of economy in material and space, but quite as much one of economy in time. Lipkin & Lipkin found that the best method of dealing with this problem was vertical filing. They store everything that is used in their office in two vertical filing cabinets, small hardware, certain typewriter and First-Aid supplies being kept in two shallower drawers which take the place of the regular drawers. Office desk drawers are used by each occupant for current work, unfinished work, outgoing mail, and similar purposes. Routing from executive to executive is accomplished by removing

the correspondence from its assigned drawer to the corresponding drawer of the proper executive. Every office member carries a fountain pen in his coat pocket, and additional pens with different colored inks in his brief case. Desk tops are therefore always neat looking. The filing arrangement is simple and effective. Everything is always in its proper place, easily visible in the filing cabinets, and can be immediately checked by means of a card filing index of supplies showing the minimum on hand. Time and effort is saved in getting hold of what is wanted. The cabinets are uniform with those used for regular correspondence and report files. The entire series can be locked at night by pushing the stacklock plunger, and opened in the morning with the office master key. By Charles Lipkin. *Office Economist*, November, 1926, p. 10:2.

Organization: *Job Analysis, Employment, Pay, Tests*

Worker Analysis

The most important points to be covered by worker analysis as a basis for selection of tests, rating scales and questionnaires are: personal data, personal history, previous experience, education and training, physical characteristics, social characteristics, interests and abilities. The distinction between innate and acquired abilities may be disregarded in analyzing abilities and constructing tests. The relative importance of any ability varies in

part with the frequency with which the job demands its exercise and with the proportion of the worker's time which he has to devote to the work for which the ability in question is necessary. The greatest progress in vocational measurement will undoubtedly come from the application of the experimental method of psychology to the material of the psychiatric diagnosis and the physiological examination. By Max Freyd. *Industrial Management*, November, 1926, p. 278:4.

Greater Efficiency Through Job Analysis

Instruments generally used for measuring the elements of a job are inexact and the sources of error are numerous. Pioneers in the field of job analysis have been gradually developing a technique, a brief outline of which is given, with a sample work sheet. The actual analysis should not be begun until the management, department heads and rank-and-file have acquired a working knowledge of the procedure to be followed.

Opinions differ as to the advisability of sending a questionnaire to each employee. The final specification should reflect the combined judgments of the employee, supervisor, department head, analyst, and office manager relative to the component parts of the job and the human qualifications necessary for its successful performance. By Harold B. Bergen. *American Stationer and Office Manager*, October, 1926, p. 15:4.

Why Do Employees Quit Their Jobs?

Labor turnover reflects the physical and mental environment of the worker, and sometimes the method of selection. A record of reasons for leaving helps to obviate some of the causes. The accuracy of information obtained through final interviews is sometimes questioned but many companies find them worth while. Do not

conclude that the reason "leaving for a better job" always means competition in the labor market. Some employees are inclined to give this reason to conceal the real one. Find out, if possible, just what the better job is and how it is better. Turnover records can be a valuable aid to the office manager in formulating employment policies. By Lloyd R. Miller. *American Stationer and Office Manager*, November, 1926, p. 7:5.

Does the "Steno" Earn Her Salary?

Measurement of office work is at last gaining attention in the general fervor for cost cutting. The product of the stenographic department may be measured in number of hours of dictation and transcription, completed letters, number of pages or lines of work copied, etc. In determining the proper quota of output, variability in dictators, and in the ability and experience of transcribers must be considered. In computing the cost of office work, seasonal volume may be anticipated and its execution planned. The lack of specialization of work done by an employee is another element which enters into the cost of office work. The establishment of unit costs of doing office work and the preparation of a budget based thereon reveals increases in expenses before it is too late to take action. By J. H. MacDonald. *American Stationer and Office Manager*, October, 1926, p. 23:3.

FINANCIAL MANAGEMENT

Stimulating the Science of Banking

The strength and stability of a bank depend largely upon profit-making practice. Improvements in this respect were effected in the Marine Trust Company of Buffalo by merger, which increased its banking facilities to a nation-wide scope. Further savings were accomplished by reducing the amount of cash on hand, which corresponds to inventory of an industrial or-

ganization. Other methods of cutting down overhead consisted in employing the smallest number of high grade personnel per dollar deposit; in discouraging small unprofitable accounts. The bank discovered that its best new business came in through 15 per cent of their accounts. To establish an unbroken personal contact with these customers, each of the eight senior vice-presidents spends two days per month

calling on these depositors, and helps them solve their problems and further their interests. By Frank G. Japha. *Kardex Service*, November, 1926, p. 3:4.

Employees Form Company

Officers and employees of the Stock Exchange firm of Kidder, Peabody & Co. have formed an organization under the laws of Massachusetts to deal in securities, to be known as Kidder Participations, Inc.

The new company, which will be owned exclusively by these officers and employees, is believed to be the first of its kind ever organized, and is patterned after investment trust companies. *Leighton's Magazine*, October, 1926.

We Owe 1926 Profits To Our Business Forecast

The Walworth Company found itself facing the prospect of earning no profit in 1926, as shown by the budgeting forecast of its planning division. The company therefore appointed a committee on economy, putting each member in charge of

possibilities for saving in branch procedures, office operation, stock handling procedures or other activities. Each appointee studied and surveyed his part of the situation, collected facts and made recommendations. Then the committee as a whole agreed on quotas of savings for each activity. After consultation the president of the company set up a savings goal for each unit. The head of each unit was shown how much it had cost to run his unit for the last quarter, and asked to submit an estimate of how much he could save in each subsequent quarter. For instance, office operation was cut by eliminating all forms and reports not serving a constructive purpose. Manufacturing cost was reduced by watching inventories more closely, controlling by class trend the production of certain articles having a low turnover; or by concentrating the manufacture of a given product at the plant most successful in making it advantageously. After six months of this effort at savings every company department showed some definite results. There is every prospect that the rate of progress in net savings will closely approach the original goal set by the committee. By Howard Coonley. *Industry*, October, 1926, p. 1:4.

PRODUCTION MANAGEMENT

Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Immigration*

A Plea for Free Trade

A manifesto printed in London on October 19 draws attention to certain conditions which are retarding the return to prosperity, such as tariff barriers, and special licenses. At no period has freedom from such restrictions been more needed to enable traders to adapt themselves to new and difficult conditions. There can be no recovery in Europe until politicians realize that trade is not war but a process

of exchange, and that in time of peace our neighbors are our customers. Restricted imports involve restricted exports.

There are signs, however, that these conditions and their dangers are being realized in all countries. Many men from all over Europe have placed themselves on record as believing that the establishment of economic freedom is the best hope of restoring the commerce and the credit of the world. These signatories, with the description and business standing of each

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are given. *The Nation*, Nov. 3, 1926, p. 461:3.

Lefax Adopts Five-Day Week

The Lefax organization has adopted the five-day week, not as an experiment, as the plan had already been tried for several successive summers with such good results that its extension over the entire year was felt to be justified. No readjustment of wages has been made, each employee receiving the same weekly compensation for five days as was formerly paid for five and a half days. *Lefax and the Radian*, November, 1926, p. 62:1.

Five-Day Week Not a Fool Idea

For about five years the Morgan Construction Company has operated its plant successfully on a basis somewhat like the plan adopted by Mr. Ford. The general principle is the same, namely, that invested capital is worked the maximum number of hours per week consistent with living standards. The machinery is worked eighty-eight hours per week and the men work forty-four hours, in two shifts, one

of which works only five days per week. No one works from 11:40 p.m. to 6:30 a.m.

The weakness of the Ford plan is not so much that he fails to work Saturday morning as that he does work his men from midnight to morning, over which period he admits production is relatively unsatisfactory. By Jerome R. George. *Industry*, Nov. 13, 1926, Cover: 1.

Mrs. Whitehouse for 40-Hour Week

In advocating legislation for a forty-eight hour working week for women before the State Industrial Survey Commission the president of the Whitehouse Leather Company declared she had successfully introduced a forty-four hour week in her business and intended to try a forty-hour week next summer, believing that it is a matter of increased production and good business. The factory was closed on Saturdays last summer, and the experiment worked so well that the Saturday closing is to continue throughout the entire year. *The New York Times*, Nov. 9, 1926.

Plant: Location, Lighting, Heating, Ventilation

Now Is the Time to Wash Your Windows

Actual experiments carried out at the University of Michigan and the Detroit Steel Products Company have demonstrated that windows uncleaned for four months transmit 25 to 50 per cent less light than cleaned windows. Consistently neglected cleaning practically reduces the window lighting area by half. About 75 per cent of this decrease is due to accumulated inside dirt. The fall is recommended as the proper time for the annual factory window cleaning, as it will insure getting the full strength of the naturally diminished daylight during the winter. Inexpensive and fairly effective methods are brushing the dirt off with a bristle floor brush, or wiping over with a damp cloth.

A study of window shades shows that white or near white cloth is preferable to dark. If drawn from the mid sash these shades are better than if drawn from the top. By Edward M. Coffin. *Industry*, October, 1926, p. 4:1.

Planning the New Building

A new building is a problem in economics. A summary of comparative costs for twenty Eastern industrial buildings constructed between 1922 and 1924 shows an average cost range of \$1.45 to \$2.09 per square foot. In New England heavy timber construction now costs from 5 to 25 per cent less than re-enforced concrete or steel frame buildings. In planning new buildings executives should request more often detailed estimates on the relative

cost of different construction types. Since serviceability and durability can be obtained with either type, and since no building is absolutely fireproof, the practical question is that of spending more money on

installing fire extinguishing apparatus and fireproof office equipment, and less on expensive combustible structural material. By Frank P. Cartwright. *Industrial Power*, November, 1926, p. 37:9.

Employment: Classification, Selection, Tests, Turnover

The Industrial Traffic Manager

A study which deals with the functions of the industrial traffic manager; the information he requires; his value to the company; and his place in an organization. Policyholders' Service Bureau. Metropolitan Life Insurance Company. 32 pages.

Apply Science in Handling Men

In the newer field of industrial engineering the physiologist and chemist have not been idle. The study of fatigue, for example, and methods of its detecting, as by the measurement of carbon dioxide exhaled, have led to principles aimed to prevent fatigue. Who knows but that the ductless glands, with their energizing chemical messengers, or hormones, may some day provide a chapter in a handbook on management?

The studies of the psychologist and the psychiatrist have yielded a vast knowledge of human nature which few executives have attempted to capitalize.

The science of statistics, coupled with

newer economic laws and procedure, has developed a body of facts concerning the business cycle which tends to lessen unemployment and guide in wage changes. By Eugene J. Bengé. *Lefax and the Radian*, November, 1926, p. 29:2.

A New Force in Industry

The entrance of the creative artist into manufacturing plants is gradually adding distinction to many American products. Creative art in industry today seems to offer any style manufacturer two distinct advantages: first, an understanding of world and local influences having a bearing on his product so that he is able to get away from stereotyped forms, and present to the public fresh and original ideas; and second, the reduction of waste by an art director working with production departments before actual manufacturing takes place.

And so it happens that a new figure sits in conference with many executives: the creative man. *The Du Pont Magazine*, November, 1926, p. 1:1.

Employee Service: Hygiene, Recreation, Lunch Rooms, Stores

Vibration

There are certain elements which enter into the question of fatigue today which were not considered ten years ago; one of these factors is vibration. The primary kinds of industrial vibration may be generally classified as: 1. That which is caused by heavy machines bringing about continual vibration of the floors. 2. That which is caused by the individual machine

causing the individual work bench or table of the worker to vibrate. A worker sitting at a table operating a motor driven machine which causes the work table to vibrate and shake constantly has her attention so distracted that it is necessary for her to exert greater application which in the long run causes fatigue of attention.

Gilbreth has measured the loss of productivity due to unnecessary fatigue as 20 cents per worker for each and every work-

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ing day, an estimate which is considered very conservative. Bureau of Women in Industry. *The Industrial Bulletin*, October, 1926, p. 6:2.

Keeping Fit in the Factory

In about twenty factories of Springfield, Ohio, employing more than 2,500 men, the local Y. M. C. A. director of physical training gave four short health talks with homely demonstrations designed to give shop workers a vision of their body mechanism. The first talk about bones was illustrated by the Pilz anatomical mannikin. The talk on the construction, action, and care of the muscles and on their relation to the bones is illustrated by a mechanical elbow joint supplied with rubber bands to reproduce the action of the arm. In the talk on lung capacity,

pulmonary function and correct breathing a model of an artificial lung was employed to show the mechanism of breathing. The spirometer was also used to measure lung capacity, and each worker was given a chance to compare his breathing volume with that of his fellows. The talk on blood circulation and exercise was illustrated by a series of one minute exercises with sphygmomanometer readings after and just before the exercises to show how they raise blood pressure temporarily. Management and workers showed a keen interest in these talks. In one plant employing 200 men the organization shut down for thirty minutes on company time every Friday morning to attend the meeting. Other plants started some form of outdoor noon sport for employees to keep physically fit. By C. W. Ashley. *The Foreman's Magazine*, November, 1926, p. 16:2.

Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

Too Many Apprentices

The Bucyrus Company has been forced to slow up on its program of training. The company's success has been so great that for some time it has not needed to go outside to secure skilled help. Rather than employ too many apprentices entrance requirements are to be made still more rigid.

A new post-graduate apprentice course, open only to those who have finished their time with the Bucyrus Company, or who can show a diploma awarded by some other concern has also been designed to train men in certain kinds of work. *Trained Men*, November-December, 1926.

For Better Watchmen

The National Fire Protection Association offers suggestions for the intelligent training of watchmen. Training should be in charge of the superintendent of property. Specific and thorough instruc-

tion with a reasonable follow-up is necessary. This instruction must anticipate possible emergencies the watchmen may encounter. His pride should be stimulated by impressing him with the importance of being the sole custodian of the property while on the job. He should be held responsible for anything within his control that happens while he is on duty. By L. I. T. *Industrial Power*, November, 1926, p. 96:1.

With the Apprentice Schools in New Jersey

The technical training school of the Westinghouse Lamp Company, Bloomfield, is based upon a three years' course. Its objective is not only to prepare high grade mechanics, but to prepare men to go beyond this stage. Classroom instruction is given by the problem method, the use of reference books and by individual consultations with the instructor. The schedule calls for a total of 600 hours of

study work, besides three months in the drafting room and another three months on the shop bench. Actual shop instruction is given by trained sub-foremen. Entrance conditions are high, and every boy must pass a three months' probationary period. The chief source of supply of students apparently comes from within, the shop workers recommending for selection boys in whom they are interested. At graduation each student receives an engraved diploma, a machinery handbook and a cash bonus of \$150. School statistics show that about two-thirds of the apprentice graduates remain with the company. They enter in about equal numbers the four shop groups of supervisory work, drafting, special machine adjustment, and mechanical work. *Industrial Extension Record*, October, 1926, p. 5:1.

The Value of Industrial Training

The Marion Steam Shovel Company established in 1921 an apprenticeship training program. Its 15 apprenticeship courses teach the fundamentals of mathematics, drafting practice, designing and simplified economics directly related to the vocational courses offered in foundry and tool work, engineering and electrical work, and sales. The Training Department has this year 73 apprentices and students working in the different shop divisions. Every apprentice spends five hours per week in the training school, and for the balance of the time is routed in the plant on the various phases of trade work. As an incentive the company offers a premium plan. A credit of 220 hours obtains for any boy averaging 85 per cent plus in his school and shop grades during six months a change of rate and transfer one month earlier.

The value of training may be gauged by a comparison of earning capacity between the unskilled and the skilled. Total earnings of the untrained man from 14 to 60 years of age are about \$45,000; of the trained high school graduate from 18 to 60 years old are about \$78,000; of the trained college or technical school gradu-

ate from the 22nd to the 60th year of age represent \$150,000. The company's training executive states that the value of apprenticeship training approximates the mean between the high school and the college graduate's earning capacity. By F. W. Bacon. *Open Shop Review*, November, 1926, p. 428:3.

The "Discussion Conference" as a Foremanship Development Device

Discussion is a new educational procedure for organizing experience and aiding men to think constructively in relation to their work problems. Its use as a foremanship development device is limited to organizations requiring foremen to have opinions on their jobs. The pivotal point in a discussion conference is the leader, who must be able to instill confidence and secure spontaneous discussion. He must have actual experience on foremanship, plan out his conference material carefully and definitely know at what objective he is aiming. A well planned conference proceeds from assembling the facts, selecting and evaluating their functioning, to reaching a decision and making that effective. The justification of the educational conference lies in effecting better foremanship on the job.

Experience indicates the ideal membership number as 15. Groups comprising over 25 should be divided for maintaining a live interest. The group should be made to feel at home by avoiding formality, elaborate preparations, or the presence of a stenographer. A corner of the shipping room with some wall space will be a good substitute for a classroom. Large sheets of wrapping paper may serve for blackboard work and reporting the meeting. Permission to smoke may promote desired relaxation.

The second article of the series concerns the conference leader's functions. His chief part is to set up the problem, state its case and stimulate the group's thinking. In the course of the conference he

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will ask pertinent questions to draw out presentation of cases and direct statements by members, and invite general discussion. This he will guide into profitable channels, not letting it become too involved nor too general to reach a practical decision. A skilled leader will bring out the opinion held by the group without creating a dilemma situation which requires a majority vote or a report back. By L. S. Harding. *Industry*, Oct. 9 and 16, 1926, pp. 6:3, 1:3.

Foremanship Development

A foremanship development program should not be a three or four months' proposition; it should be a continuous activity. At no time should the program be referred to as "foremanship training"; as the foreman being a practical adult, feels inclined to resent the insinuation that he needs to be trained. For the same reason, the terms "course" and "classes" should be avoided, and the meetings of foremen should rather be referred to as "discussionals" or "conferences."

A development plan outline is given in some detail. By Glenn L. Gardiner. *Bulletin of the Kardex Institute*, October 13, 1926. 4 pages.

Quality Products Show to Educate Public

The Associated Industries of Massachusetts at their annual meeting last year successfully exhibited practical charts on management, lighting, and various industrial subjects. They supplemented that idea this year with an exhibition of New England products to demonstrate to the buying public the quality and variety of the beautiful and useful goods made in the state. No articles were sold at the exhibition, which was held entirely in the interest of improving New England industrial conditions. Awards for the best display were made by a jury, who rendered an opinion as to the relative merits of the

various products. By Joseph C. Kimball. *Industry*, October, 1926, p. 4:1.

Commonwealth: A Workers' School in a Social Laboratory

The labor college Commonwealth was established 18 months ago near Mena, Ark. Today its unencumbered assets total more than \$50,000. They include 475 acres of forest, pasture and farm lands, 16 buildings, and educational, technical, and agricultural equipment. All property is held in the same of the Commonwealth College Association, whose Board of Trustees administer property and business affairs. The industrial activities are in charge of an Industrial Manager, appointed by and responsible to the Board. All educational matters are in the hands of the faculty, whose twelve members belong to the American Federation of Teachers, and who elect the Educational Director. The college community comprises 65 members, of whom twelve are instructors and 47 students. The community carries out all agricultural, construction and community work. Instructors teach 12 hours per week and give 4 hours daily to some industrial activity. Students take from 12 to 18 lessons per week and work 4 hours daily at some industrial occupation. All give their services to the Association and in return receive their maintenance. The educational effect of this communal experience makes for greater caution in economic theory and reveals at the same time the advantages of wider social organization.

Commonwealth College has as its objective the training of research workers for the labor movement, regardless of economic or political factions. The college curriculum is shaped to serve the needs of labor. Basic work in English with advanced courses in composition and public speaking give the wage-earner a workable knowledge of expression. Fundamental mathematics ground him in computation. A comprehensive course in psy-

chology with specialized advanced courses later give the worker a thorough understanding of self. General historic courses as preparation for specialized studies in economics, sociology, law and government, are designed to acquaint him with the institutions of modern society. Elementary science and laboratory work are taught to familiarize the worker with the chief facts of the physical sciences and experimental methods used in modern research. Commercial and statistical courses are to fit

him for special service in some field of the labor movement. Cultural courses in literature and philosophy, and the voluntary dramatic and musical activities of the college community make for a well rounded personality. Commonwealth realizes that better labor conditions can only come about through trained leaders from the ranks of labor, and it seeks to educate workers to constructive leadership. By William Edward Zeuch, *Workers' Education*, November, 1926, p. 16:5.

Benefit Systems and Incentives: *Group Insurance, Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership*

\$2,000,000 Concern Given to Employees

Fourteen employees of the firm of Johnson & Faulkner, dealers in upholstery fabrics, have become owners of that concern through the will of Edward Daniel Faulkner. The company, which has an estimated value of \$2,000,000, was left by the testator to his workers because of long and faithful service. *Leighton's Magazine*, October, 1926.

Postponing Retirement by Medical Supervision

On the whole it is probably the best policy to maintain as small a pension list as possible, and instead of following the usual rule of automatically pensioning employees who have reached the age of sixty-five, to maintain employees in industry as long as their working capacity is such as to enable them to do any work in the factory. Each of the older men should be considered individually in order to determine his actual working capacity. Secondly, these men should be kept in the best physical condition possible, and thirdly, the work should be so arranged that they are able to use the wide experience they have gained during their productive years in the company. This plan can be carried out if the production department, the employment de-

partment and the medical department work harmoniously together.

In the Norton Company thirty-six of their employees are over sixty-five years of age. By Dr. Irving Clark. *Industry*, Oct. 30, 1926, p. 3:1.

The Influence of the Different Wage Systems on Costs of Production

How adjustment of the balance between the necessary claims of the workman, and the economic necessity of the business man who has to meet competition may be secured without unfairness to the workman, or penalizing of articles sold in the markets of the world, is here considered. In this connection a review of the various methods of wage payment with illustrations of their effects is presented, covering the systems of Daywork, Piecework, Halsey Bonus, Weir Bonus, Rowan and Gantt. By W. Jones. *Business Organization and Management*, November, 1926, p. 92:3.

15,000,000 Belong to Investor Class

Practically every class of the American public is represented on the stockholders' lists of corporations. A study of the lists brings to light the increasing number of employees who are investors in the securities of their own corporations. Figures recently compiled have drawn attention to

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the great growth in corporate securities that has come about to meet the growing demand on the part of the public for investments. Public service corporations

have been more active than others in the distribution of stocks among employees and the public. *The New York Times*, November 3, 1926.

Labor Relations: *Collective Bargaining, Employee Representation, Arbitration*

An Experience with Employee Representation

The Armour plan for employee representation provides for arbitration in the event that employees and management fail to reach an agreement, but it is of interest to note that during the five years this plan has been in effect there has never been a failure to agree.

A plan has been approved which guarantees the workers pay for forty hours weekly, but the impossibility of providing forty hours of work each week is evidenced by the fact that the company pays from three hundred thousand to five hundred thousand dollars per year to employees in the way of guarantees and excess pay for overtime. By Harvey G. Ellerd. *Industry*, Nov. 13, 1926, p. 1:4.

Shop Organization: *Planning, Methods, Job Analysis, Standardization, Waste*

Job Manufacturing and Executive Co-ordination

A specific case of waste in the Edward Valve and Manufacturing Company due to lack of co-ordination between the various parts of a business is examined in detail. Then follow some of the points of an attempted solution: A geographical handling of the problem comes first in importance. There are no private offices in this plant, and the four executives whose interests naturally conflict sit at adjacent desks. This simple device which makes all four realize that each has a share in the elimination of waste has a far reaching effect.

Another important factor is the proper pricing of the product on a basis which takes into fair account the departmental aspects of the cost problem.

The third factor in the attempted solution is frequent discussion among all four executives of prevalent trends in sales demand. All this naturally implies a fine spirit of team play which is the most im-

portant of all the factors. By W. W. Crawford. *The Society of Industrial Engineers Bulletin*, October, 1926, p. 29:4.

Portable Vacuum Cleaners in Industrial Plants

The systematic removal of dust on the wet enamel before baking is one way to prevent spoilage in many industrial processes. One manufacturer of kitchen enamel ware reduced his cleaning cost from 9 cents per hundred pieces to 3½ cents by using a portable vacuum cleaner. A jewelry manufacturer realized \$1,500 in gold on treatment of the sweepings gathered by three hours' operation of a vacuum cleaner. Effective vacuum cleaning of the fusible links in sprinkler heads, or of overhead beams and shafting, will reduce fire hazards. Other advantages of regular vacuum cleaning of all surfaces to remove industrial dirt are increased human efficiency through cleaner air and brighter illumination. It is claimed that one man can do with a vacuum cleaner the work of

three men with brooms and mops. By Albert Benjamin Cone. *Industrial Power*, November, 1926, p. 44:3.

Organized Against Waste

A group of executives from the White Motor Company visits the plant every Friday morning. This group is called the Quality Committee and is made up of the production manager, the chief inspector, the assistant factory engineer, the production engineer, the salvage supervisor and the manufacturing assistant production manager. The superintendent and inspector of the department being visited are included in the group.

During the week, all materials scrapped in a department are collected at the Waste Material Depot for that department. The Quality Committee visits each of these de-

pots and examines the material, discusses the cause for the scrapping and decides upon the measures for preventing its recurrence. Someone in the group is made functionally responsible for seeing that the trouble is remedied. *Industrial Power*, December, 1926, p. 130:1.

Waste Elimination in Palmolive Plant

This subject is quite thoroughly covered in short paragraphs under the headings of: Standard practice instructions; Factory regulations; Stock control; Buying specifications; Symbols; Stock numbers; New numbers; Bin tags; Research; Illumination; Charts; Wage payment plan; Insurance; Service and safety; Co-operation; Material handling; Differential piece rates; Night work. By J. A. Riley. *The Society of Industrial Engineers Bulletin*, October, 1926, p. 5:11.

Rate Setting: Operation Study, Time Study, Motion Study

Time Study and Its Origin

The three elements of time study are to determine possible improvements in work equipment, work surroundings and in actual work methods, and to determine the unit of time required for a given task. The first two elements are properly speaking motion studies for the standardization of both tools and methods in order to discover the one best way of doing work. The constructive function of time study has as its ultimate objective the setting of a fair and equitable rate at which work should be performed. If upon investigation production does not come up to this standard, then an unfair production figure is corrected by a new study. If the worker fails to reach this standard, he is instructed as to proper methods of performance. Time study divides the responsibility for production equitably between men and management, for it is based on the principle that the employer gains materially only when the employee gains correspondingly. An example is cited of results from time studies. In a government arsenal

time study resulted in a 30 to 40 per cent wage increase for mechanics and laborers and about 100 per cent increase in production, which ultimately lowered the federal tax rate maintaining this industry. A canvass among these arsenal employees indicated that extra earnings helped pay off the mortgages on their newly acquired homes. To insure the full benefit of time study it is quite important to enlist the workers' co-operation and consent in collecting needed data. By Dwight V. Merrick. *The Foreman's Magazine*, November, 1926, p. 8:2.

The Mission of the Engineer in Relation to Motion Time Studies

The stop watch, motion picture machine, or fundamental time should be considered only as tools to be used at the proper place. They are meant to enable the engineer, the management, and the man to analyze the job properly and to be able to draw the proper conclusions. The engineer must attack the job with a clear per-

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spective of what he wants to accomplish, and show a readiness to use any tools that may be needed to reach the desired end. He must be honest with himself and with

the public, and never promise more than he can deliver. By A. B. Segur. *The Society of Industrial Engineers Bulletin*, October, 1926, p. 17:4.

BUYING, RECEIVING, STORING, SHIPPING

The C. M. & St. Paul Budgets Its Purchases

The Chicago, Milwaukee & St. Paul is now working out a plan of budgeting its purchases, which it calls an allotment plan, whereby orders for material must be kept within a predetermined amount each month. This allotment is fixed by the chief purchasing officer and operates through the general storekeeper and the local storekeepers. A detailed description of the plan is given. It is only a refinement on stock control, and its cost is not great. *Railway Age*, Oct. 9, 1926, p. 665:5.

Scientific Purchasing

Scientific purchasing consists primarily in co-ordinating purchasing with two factors: 1. Manufacturing schedules, which would indicate quantities to be purchased; 2. the conditions in the commodity markets, which would indicate when the most favorable prices prevail. Separate policies need to be established for various commodities, which have various seasonal, cyclical, secular and accidental price movements, and which bear various relationships to the curve of general commodity prices. By Henry W. Knodel. *Kardex Institute*, Sept. 7, 1926.

SALES MANAGEMENT

Salesmen: Selection, Training, Compensation

Training of Agents

The results are given of an investigation of the various methods used in training life insurance agents, together with a statement of the best method of preparing them for their work. The scope of the report includes the type of institutional school which aims solely to prepare the student to sell Life Insurance. *Report No. 25, Life Insurance Sales Research Bureau*, November, 1926. 39 pages.

The Salesmen's Saturday

The plans and methods of several concerns whose salesmen work on Saturdays are given, including the National Cash Register Company, the Selz Shoe Company, the Atlantic Drier and Varnish Company, the Life Saver Company, the Kaynee Company, the Willys-Overland Company,

and the Tidewater Oil Company. The O'Cedar Corporation has its district managers address Saturday sales meetings, and Libby, McNeill & Libby has very elaborate plans for Saturday meetings with jobbers' salesmen. By Albert E. Haase. *Printers' Ink Monthly*, November, 1926, p. 47:3.

The Training of Salesmen

The training of salesmen may be regarded as including two types; first, that training of a more general scope which applies to selling work in general, to particular industries or broad classes of products, or to markets; second, that additional training needed to sell effectively the products of each enterprise.

There is a sound movement among sales managers to emphasize the importance of

training on the job as contrasted with training in special sales schools. With this plan there is definite recognition that the training should be continuous—that new conditions arise, new faults develop, which can be met only by constant observation, criticism, and assistance of the official made responsible for the training. By Harry R. Tosdal. *Ex Libris*, August, 1926, p. 5:3.

The Sales Force as a Business Unit

The Crouse-Hinds Company does not think a salesman's main and only job is getting the name on the dotted line. It is not unusual for some of their good sales engineers to go six months or a year without personally bringing in an order. The important thing is the salesman's attitude toward his work. The orders will come if the spirit is right.

In order to reward the plugger as well as the star and believing that a sales force which works as a unit for the benefit of the whole business is better than a group of individuals, each trying to build a big record in his own territory, an extra com-

pensation plan has been in use for several years which works according to these ideas. There are no individual quotas for each man to shoot at. Instead, there is figured out a sales chart for each class of products manufactured by this company, the details of which are given. An interview by Roy Dickinson with A. F. Hills. *Printers' Ink Monthly*, November, 1926, p. 21:3.

Build Young Men and They Will Build Your Business

The Cook Paint and Varnish Company has been built into a five million dollar business from the wreck of a firm on the verge of bankruptcy in 1913. The cause of this success has been the policy of injecting new ideas into business through developing the initiative of young men in the organization. By training young men in all the phases of the business the company has been able to provide personnel for its growth. Many of the men have been forced to make places for themselves, and in so doing have contributed new ideas. *Sales Management*, Nov. 13, 1926, p. 791:3.

Sales Promotion: Letters, House Organs, Advertising

What Are Motion Pictures Doing for Industry?

Although the entertainment picture has a great deal of indirect influence in bringing industry and its products to the notice of the public, it is through the industrial film that the direct suggestion is made to buy the products represented. Several examples are given as to the use of the industrial picture in pointing out the excellence of some particular project as distinct from the firms which make it. Almost every industry has at least one picture to its credit.

The Bureau of Mines of the Department of Commerce, the Department of Agriculture and the Bureau of Foreign and Domestic Commerce are making use of

semi-industrial, semi-educational films in co-operation with trade associations and firms. By Julius Klein. *The Annals of the American Academy of Political and Social Science*, November, 1926, p. 79:5.

Plans of Various Companies for Using Motion Pictures as a Selling Aid

A survey of industrial motion pictures discloses the fact that the tendency is not to produce films merely to give the story of the product but to plan and develop the film so that it will be valuable in training salesmen or to actually demonstrate the product to possible buyers. Plans and methods used by typical companies, including the following, are outlined: Standard Oil Company (Indiana); Pillsbury Flour Mills Company; Armour and Company; General Motors; Illinois Watch

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Company; Continental Motors Corporation; National Electric Light Association. *Dartnell Sales Data*, Oct. 30, 1926. 4 pages.

A Real Sales Letter Department

The point is made that almost every other division of the business gets more careful supervision than letter writing. It is urged that this work be brought together under a responsible department head and be given more attention. Practical methods for a sales executive to follow are given in this article. By Charles R. Weirs. *Sales Management*, Nov. 13, 1926, p. 813:3.

Staging Sales Conferences and Conventions

This report is confined to data on concrete plans and definite methods for conducting conventions. It presents ways for using pageants, plays, and moving pictures, and illustrates how and when graphic presentations of various types may be included in the program. Reasons are given why some firms have substituted the small conferences for the big convention. *Report No. 234. The Dartnell Corporation*. 24 pages.

Using Direct Mail to Develop New Markets

A large steel company learned about the possible use of their product in industries they had not reached previously by writing to various concerns asking for information as to the possible uses of their products. Because the inquiries were tactfully written, enough information was obtained about specific factories to enable the sales department to get on the job. The results from these letters disclosed new fields for an old product, and the expense was slight. By E. J. Sirmay. *The Mailbag*, November, 1926, p. 685:4.

We Threw 67 Per Cent of Our Prospects Overboard and Our Sales Increased 15 Per Cent

The Standard Conveyor Company had been expending sales efforts on many so-called prospects who were not really prospects at all. The old prospect list consisting of 120,000 names was checked with Bradstreet and Dun and the list narrowed down to 39,000 prospects. Then the company compiled an industrial census which showed that there were about 30 major industries which they could serve. This survey of the market helped the company to set sales quotas, speeded up production, and brought about more efficient methods in manufacturing. By H. L. Donahower. *System*, November, 1926, p. 577:6.

When One Contest Is Over—Start Another!

Instead of having one or two contests a year with the subsequent "let-down" between them, the Yawman and Erbe Manufacturing Company hold one contest after another and thus keep up the salesmen's interest. These contests last 30, 60 or 90 days. Merchandise has been found to be the best prizes for the winners for several reasons, and therefore only a few cash prizes are awarded. These awards are made on the number of orders, on volume and quota, and as quotas are placed within the reach of all the salesmen every man has a chance to win a prize. By D. G. Baird. *Sales Management*, Nov. 13, 1926, p. 809:3.

Soothing the Irritated Customer

The man whose name in the hotel world is a synonym for "Service" speaks with authority when he says: "The complaint of a customer is not a thing to be dodged or avoided. It is a source of new sales ideas. The irritated customer is not a fussy crank to be appeased quickly and gotten rid of. He is likely to be the source of highly profitable suggestions for improving the product or its service." By E. M. Statler. *Printers' Ink*, Sept. 9, 1926, p. 49:2.

Books Received

Management in the Factory. By Glenn Lion Gardiner, M.A. McGraw-Hill, New York, 1925. 213 pages. \$2.00.

Niagara in Politics. By James Mavor, Ph.D. E. P. Dutton, New York, 1925. 243 pages. \$2.00.

Salesmanship Applied. By Paul W. Ivey, Ph.D. A. W. Shaw, Chicago, 1925. 328 pages. \$5.00.

Effective House Organs. By Robert E. Ramsay. D. Appleton & Co., New York, 1920. 358 pages.

Survey of Books for Executives

The Administration of Industrial Enterprises. By Edward D. Jones, Ph.D. Longmans, Green & Co., New York, 1925 (new edition, revised and enlarged). 612 pages. \$4.75.

It will pay every factory executive to read "The Administration of Industrial Enterprises" by Mr. Edward D. Jones.

Not only will a careful reading help the young executive with little experience but it will greatly aid the older and tested leaders.

The title is imposing. At first thought, one wonders whether or not it is too much to tackle and do justice to under one cover. This thought still persists when one notices that there is a qualification, "with special reference to factory practice." But why be so fussy about small matters? There are over 600 pages chock-full of excellent matter that keeps right to the subject—a subject whose field we all understand.

The book appears well edited, first-class in every way. There may be technical errors in printing that the industrial executive cares nothing about. What he is interested in is, "Will it help me in business to read this book?" It will if he goes at it right.

If you decide that you will read it through whether or not you enthuse over the first chapters, there are no suggestions you should consider, but if you are going to read the first few chapters and judge the whole book by its start and if you are supercritical, it is suggested that you try first chapter VIII (Orders and Rewards) or Chapter X (Morale and Lead-

ership). These two chapters are full of common sense and inspiration. You will want to read them again and again. Mr. Jones evidently believes that the major consideration in the success of an organization is its *Esprit de Corps*.

For the older executive who feels he does not know it all and works so hard that at times through fatigue he slides into a rut and who periodically has to invent ways and means of prying himself out, a reading of this book is just what he needs.

Perhaps you have all of the activities of an industrial enterprise under your supervision. You realize that your plans for organization and policy must be complete. You must not neglect any department of the business. The credits, collections, traffic, selling, office, welfare, wages, employment, costs, budget, stores, purchasing, power, buildings, layout, and many other things must not be overlooked. You would like to read something that surveys the best thought in the United States on all these subjects, so that you can inventory your action along each of these lines. This book will be an ideal instrument to help you solve your problem.

There are no words wasted on new-fangled schemes. The information given is about tested methods. One is impressed with the magnitude of the author's book acquaintance. It looks as though he has read everything ever written about his subject. Furthermore, one is impressed with the fact that his knowledge is not only from books, but that he has a speaking acquaintance with actual practice.

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In case one is not satisfied with the quantity of the reading matter that the author gives, one need not worry and hunt to locate more data. At the end of each chapter is a "Bibliography" that will supply one with reading matter for the rest of a natural life-time.

The book is designed for college use as well as for the business executive. At the close of each chapter are problems. It is doubtful if anyone but a college student will take time to think much about these problems, but the book should serve admirably as a basis for a four years' course in college on business administration.

A business institution would be greatly benefited if the head of the concern would read this book and then pass it down the line for all other executives to study. It should be very helpful as well for factory foremen and minor executives for it will give them an excellent all round knowledge of business management as a whole.

A. W. ROWLEY, *Industrial Engineer,*
Harder Refrigerator Corp.,
McKee Refrigerator Co.

Economic Control of Inventory. By Joseph H. Barber. Codex Book Co., New York, 1925. 104 pages. \$2.00.

This book shows that a very keen analysis has been made in the problem of inventory control by the writer and that he has brought into the decisions of the Management, facts and figures which have taken out much of the guess work of this problem. While the examples and illustrations apply to a problem of inventory control suited to the Walworth Company with its thousands of individual products, nevertheless, the theory is good and can be adapted to other industries. This book is a fine contribution to the study of "Inventory Control" and, as Mr. Barber says is only a forecast of what perfect control can be obtained as this science develops in the future.

E. H. TINGLEY,
Works Manager's Office,
Delco-Light Company.

Budgetary Control for Business. By J. O. McKinsey, Bureau of Commercial and Industrial Affairs, Boston Chamber of Commerce, Boston, 1924. 47 pages. \$1.00.

A booklet of 47 pages including 9 pages of Bibliography on Budgets written for the Bureau of Commercial and Industrial Affairs of Boston Chamber of Commerce and first published in 1921 as one of "a series of practical handbooks on various departments of business management."

The contents are quite evidently intended to present the subject in a few words. Mr. McKinsey's book published later takes the booklet almost verbatim, except in numerous cases paragraphs or sections of the booklet are expanded to become whole chapters of the book.

It admirably covers the subject, and for one wishing a brief exposition of "Budgets" and not desiring to take Mr. McKinsey's book in total, this booklet is well worth a study.

IRA MOSHER, *Comptroller,*
American Optical Company.

Increasing Personal Efficiency. By Donald A. Laird, Ph. D. Harper & Bros., New York, 1925. 204 pages. \$3.00.

The field of personal efficiency is one that has been intensively cultivated by popularizers. Books, articles, and lectures without end have been devoted to such topics as "How to Achieve Success," "Improving Your Personality," "Secrets of Personal Magnetism." This mass of writing and talking contains unbelievably little material based on investigation or scientific inquiry. It is overwhelmingly inspirational, preachy, and platitudinous.

Scientific psychologists have, meanwhile, been slowly and laboriously piecing together a few facts about people's activities and the conditions which determine their efficiency. Here an investigation into the influence of temperature, there an experiment on eye movements in reading, and somewhere else a study of the origin and treatment of abnormal fears. Altogether a

not inconsiderable body of material on efficiency has thus been accumulated. But it has remained for the most part in technical journals and little-read books.

Professor Laird has attempted to bridge the gulf between these two bodies of material. He aims to present the sound ideas of psychology in highly popular dress. On the whole, he has done it well. In spots the book is perhaps a bit too technical; more frequently it is exaggeratedly kindergartenish, and at times even inexcusably superficial; and at certain points it is unjustifiably dogmatic. But none of these faults is sufficiently serious or pervasive to keep the book as a whole from being an enlightening and useful presentation for the ordinary citizen unschooled in psychology and unwilling to plough through a more scholarly treatise.

The topics dealt with include the effects of lighting, ventilation, distractions, drugs and stimulants; the nature of learning and habit formation, and means for improving one's learning ability; the psychology of efficiency in reading, remembering, and thinking; the relation of fatigue and sleep to efficiency; and finally a discussion of effectiveness in emotional life and personality.

The treatment of all these topics is concrete and practical, though very brief. The book is, as an introductory note emphasizes, to be *used*. The author specifically directs that only two chapters should be read a week; the remaining time is to be devoted to personal applications guided by "Personal Progress Pointers" appended to each chapter, and by the results of a few simple self-administered tests of memory, reading and personality peculiarities. Even where definite precepts are not laid down by the author, an intelligent interest is generated in the psychological processes, which is likely to lead to better understanding of self and others. This is notably true in the discussion of habit, fatigue, emotion, and personality. The material on reading, memory, and thought is a little more directly usable. On these topics a

number of helpful tips are offered and illustrated.

Anyone interested in knowing himself and improving himself will find something of value in Professor Laird's little book. It represents an interesting and stimulating place to begin one's thinking about the psychology of personal efficiency. It is to be hoped, however, that no one will stop with the reading of this book, for his ideas will still need to be greatly refined and extended.

ARTHUR W. KORNHAUSER,
Assistant Professor of Psychology,
University of Chicago.

The Tragedy of Waste. By Stuart Chase.
Macmillan, New York, 1925. 292 pages.
\$2.50.

In the first chapter the author shows that centralized public control similar to that exercised during the World War can reduce waste and increase production. He then takes an airplane view of our total material production and finds four main channels of waste, first, activity in things harmful or non-essential; second, idleness; third, bad technical methods, and fourth, waste of material resources. In the first group he places, among other elements, the military establishment, harmful drugs and patent medicine, adulteration of food, etc., the various forms of gambling, super-luxuries and advertising. In the second, unemployment, unnecessary labor turnover, time lost through accidents and preventable disease, etc.; in the third, lack of planning and co-ordination, excess capacity and duplication, lack of standardization, poor management and waste in distribution; in the fourth, the waste of coal oil, water power, timber and animal life, including failure to utilize by-products.

He prefers to estimate waste in terms of man-power instead of dollars. For instance, he translates \$1,284,000,000 spent on advertising, assuming the average wage income at \$2,000, into the waste of the productive capacity of 600,000 men. He states that

more than half the output of the country's printing presses go into advertising and that 80 per cent of all mail matter in advertising material, that "one dollar is spent to educate consumers in what they may or may not want to buy for every 70 cents spent for all other kinds of education, primary, secondary, high school, university."

For useless or harmful production and activities, he uses Ruskin's word "Illth" with very good effect, wealth being those things which are well for man and illth those which are ill for him.

The author leads up to the conclusion that half and more of our manpower counts for nothing. The weakness is he proves too much. The book starts with a general indictment and maintains that attitude throughout. While it startles, challenges attention, and thereby sets one thinking it raises a lively suspicion of over statement and to that extent weakens its force. It points out real evils in a pungent way and can start some sane and helpful thinking which should lead to useful action.

JOSEPH W. ROE,

*Professor of Industrial Engineering,
New York University.*

Psychology in Advertising. By Albert T. Poffenberger, Ph.D. A. W. Shaw, Chicago, 1925. 623 pages. \$6.00.

Professor Poffenberger's book, "Psychology in Advertising," is a laboratory between flexible covers and one that can well be frequented by the student of advertising—young or old.

Aside from the value of information packed into its 24 chapters it is a stimulant to thought and study. No advertising man of the old school who has pet theories and hard and fast opinions can read this book and ever be quite the same again—he is very likely to find that some of the things he has always believed are not entirely true and regardless of how deep-set he is in his opinions he cannot observe the fact-findings of Professor Poffenberger without being

somewhat convinced—even if against his will.

If young men just entering the advertising profession could have the opportunity of reading this book it would do them an invaluable service. It would impress them early with the fact that certain definite laws govern the creation of good advertising—they would become seekers of facts rather than procrastinators for inspiration. It would ground them in principles of their profession perhaps almost as thoroughly as ten years of practical experience would.

"Psychology in Advertising" is a weak name for a strong book—it is a limiting misnomer for what is almost a manual of advertising principles. Many of the things presented are the result of practical research and study far more than the result of applied psychology.

The least "psychological" layman could arrive at some of the same conclusions as the author has if he were as painstaking an investigator and as able in forming his judgments. Which does not in the least detract from the erudition of the author.

However, since the laws of psychology prove the soundness of the conclusions, it is just as well to have results of research backed up with the sanction of science.

At this day and age we are beginning to have much respect for science in business—and perhaps even "theory." Experience is such an unstable counselor when precedents change as fast as they do now. We like to turn to something that goes a little deeper under the disturbed surface of things so we can be more sure of correct log readings to guide our course—an involved sentence, but not nearly as involved as some of the problems presented to the advertising man for solution in 1926.

We should like to pick out a chapter or two as being of typically practical value to the student of advertising, but to do this would be to pick out all twenty-four chapters.

So we are going to say that every workman in advertising should read every chapter—and spend many hours in studying

them. It won't be long before he will find himself bringing some of his every-day problems to the Professor's book for a practical solution. It is going to save some advertisers thousands of dollars in research work—perhaps in many cases they will find their needs anticipated and much of their work already done for them by the industrious author.

It would be a good thing if advertising managers and agency men could get the man higher up who says "yes" or "no" to read this book—its purchase price as a gift for such a purpose would be about the best investment an advertising man ever made!

G. L. WILLMAN,
Lord & Thomas.

Public Regulation of Competitive Practices. National Industrial Conference Board, Inc., New York, 1925. 271 pages. \$3.00.

Books which the sales manager "cannot do without" are not quite so numerous as the blurbs tell us, but here is one whose blurb makes no such claim for it, but which, for a long time to come, will truly answer that description.

Less-than-cost selling, local price discriminations, discriminations based upon trade status, resale price maintenance, basing point prices, guarantee against price decline, misbranding, deceptive advertising concerning quality, condition, or the value of goods, false claims to endorsement or use, misrepresentations of trade status, misrepresentations of origin, false packaging, lotteries, commercial bribery, trade name or trade mark simulations, disparagement of competitors, espionage, inducing breach of contract, enticement of employees, threatening litigation, bogus independents, exclusive dealer arrangements, tying contracts, and other problems of price policies, sales promotion policies, and trade relation policies, are all of them matters of fast increasing importance to the sales department of every concern that attempts to extend its activities beyond a merely local market.

Some of these activities have, for years, been recognized as strewn with legal pitfalls, but many of them, even yet, it is safe to say, are not suspected by most sales managers, nor even by most lawyers who have not specialized in these legal branches, to be sources of trouble, not only because of possible suits by trade competitors and disgruntled customers, but also because of possible prosecutions by the Department of Justice and the Federal Trade Commission.

How great these perils now are may be realized when it is understood that every complaint, received by the Department of Justice or the Federal Trade Commission from any source, interested or disinterested, prejudiced or impartial, which *prima facie* discloses a violation of the Sherman Anti-Trust Act or the Federal Anti-Trust Act or the Clayton Act is investigated by these departments with all the strength of the federal government behind them and, if a violation of the law is shown, may be prosecuted with far greater effectiveness than any private complainant can possibly exert in any private litigation.

Violations of the Federal Trade Commission Act are dealt with by orders commanding the guilty parties to "cease and desist" from the forbidden practices. Such orders may, on the Commission's motion, become the grounds for formal decrees by the various United States Circuit Courts of Appeals. For violations of such decrees, the guilty parties are punishable as for contempt of court, and may be fined, or sentenced to jail imprisonment, or both, in the discretion of the court.

Violations of the Sherman Anti-Trust Act and the Clayton Act entail even more serious consequences. The Attorney General of the United States may proceed by suit for injunction, or by criminal indictment, or both. Such injunction proceedings may result in an injunction decree, continued violation of which is punishable by the courts themselves, as contempt of court, by fine, or jail imprisonment, or both, in the discretion of the court. Such indictments may result in fines not exceeding \$5,000

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each, or jail imprisonment not exceeding one year, or both these punishments, in the discretion of the court.

Besides these prosecutions by the Federal Trade Commission and the Attorney General of the United States, it is now possible for any individual, who deems himself to be aggrieved by any violation of the Sherman Anti-Trust Act or the Clayton Act, to prosecute a private suit, either for an injunction or for damages, and in the latter—to quote the language of the statute—to “recover three fold the damages by him sustained, and the costs of suit, including a reasonable attorney’s fee”!

Severe though they are, these various penalties are not so serious as the legal expense, the loss of time of business executives, the derailment of sales plans, the demoralization of sales organizations, the loss of good-will and reputation, and all the other consequences that may flow from such prosecutions.

No sales department, therefore, in any highly competitive field at any rate, can any longer venture to lay out its sales policies without first having them scrutinized, with the utmost care, in order to make certain that they successfully avoid the increasing number of pitfalls which continued interpretations of these laws by the courts, the Federal Trade Commission, and the Department of Justice, are continually digging, to the discomfiture not merely of the unscrupulous but also of the unwary, the inadvertent, and often times those who are merely uninformed.

This branch of law in recent years has grown, and now and for some years to come must continue to grow, in so many different directions, and with such extraordinary rapidity, that no treatise can possibly do more than outline merely the state of the law as it exists at the time the treatise is published.

In spite of this necessary limitation, however, National Industrial Conference Board has succeeded, in “Public Regulation of Competitive Practices,” in compiling a treatise which not only outlines with great

clarity the present state of the law, but also indicates, with a high degree of economic and legal acuteness, many of the directions in which future developments may be expected in the growth of the law on this subject.

From long experience, as an active practicing lawyer who for many years has been engaged in litigations on this subject, and in advising business executives in many lines of industry regarding these problems, I can emphatically recommend this work as being the best desk book I have yet seen for a business executive to keep by him for the purpose of constantly reminding him of the limitations which the governmental regulation of business has imposed upon the activities of his sales department.

GILBERT H. MONTAGUE,

Counsellor-at-Law.

Shipping Containers. By Bronson L. Huestis. Ronald Press, N. Y., 1925. 133 pages. \$1.25.

All sorts of methods of packing for shipment are discussed and many of them illustrated in this little book, including what a shipping container should do, box and crate lumber, container fastenings, crates, wooden boxes, fiber and strawboard boxes, wooden barrels and drums, metal cans, barrels and drums, auxiliary packing and fastening, packing dangerous articles, packing for export shipment and how containers are tested.

Business and Investment Forecasting.

By Ray Vance. Harper & Bros., New York, 1925. 181 pages. \$2.50.

The book under review, a rather thorough revision of an earlier edition, represents an attempt on the part of the president of the Brookmire Economic Service to trace the progress of the art of business forecasting, outline its principles and practice, and demonstrate how its results can be applied. As the author is writing for the active business man or investor rather than for the expert statistician, attention is concentrated upon the use of

statistical barometers rather than upon their *preparation* and an unusual amount of space is devoted to underlying economic principles and to the determination of business policies in the light of an assumed forecast. This method of treatment is further justified by the view which the author stoutly and rightly maintains that the business forecaster is primarily an economist, and is a statistician only in an incidental way.

The impossibility of escape from some sort of forecasting by the business man and the investor is forcefully brought out and a plea is made for business statistics not as a means of taking human initiative and constructive imagination out of business but merely as a machine enabling the human mind more readily to analyze and grasp its problems. In this connection nine basic principles are enumerated governing the use of this new "thought-machine."

Criticising those views of the economic cycle which exaggerate its periodicity and regard it as equal and balancing periods of prosperity and depression, Mr. Vance defines a business cycle as an *indefinite* period of time during which we pass through a series of business conditions which may be described as improvement, prosperity, liquidation and readjustment and which, though they do not necessarily bring us back to the point from which we started, do nevertheless occur in a fixed order. This definition makes the problem of forecasting more difficult than it would be if the other views of the cycle were correct but certainly the chance of ironing out the cyclical fluctuations is increased rather than diminished by an initial recognition of their irregularity.

After discussing the necessity of eliminating "seasonal variations" and long term or "secular trends" from economic statistical series in a way which the Harvard statisticians have already made clear to the most casual student of business statistics, the author proceeds to deal with the possibility of business forecasting. Recognizing the difficulty of isolating cause and effect in economic life because "other things never

remain equal," or as he puts it, realizing that "the mixture of economic elements which occurs in actual business life is far more like pouring acid on the heap of scrap metal than it is like the isolated mixture made in the test tube," he still maintains that this prevents only 100% accuracy, and that when these difficulties are intelligently recognized at the start, it is possible through the mathematical principle of *correlation* to use statistical barometers "as a tremendous aid to human judgment in such foresight of the coming economic consequences as will permit highly advantageous provision against them." In this connection, he credits to the founder of the Brookmire Economic Service the important discovery that changes in financial and business conditions do not all occur at one time but do occur in a chronological sequence. This sequence of changes provides the basis for forecasting by means of the device of correlation.

In a long and interesting chapter Mr. Vance considers the general business barometers which have been or are now being used by various forecasters or forecasting services. In particular, Babson's composite plot, the Harvard Business Barometers and the two forecasting charts developed by Col. L. P. Ayres are described and criticised. The first named is criticised because it is not based on the theory of correlation and because it has little forecasting value; the Harvard barometers, it is alleged, cannot distinguish between major and minor fluctuations and are apt to lose their significance during periods of sharp change in the trend of commodity prices; while the work of Col. Ayres is fundamentally weak because of its reliance on a single correlation. Finally the original and the present "forecasters" developed by the Brookmire Service are explained in great detail and their freedom from the defects alleged to characterize other barometers is emphasized, though ultimate perfection is not claimed.

This is not the place to discuss either the fairness of the above appraisal of various forecasting services by the President of a competitor service nor have we the space

to consider the Brookmire Service, which is not being done here. It is desirable in commercial circles or not occurring changes of the year as passing buying a Chapter how the seeks to develop forecasting inventor's current author is much for in may quite out of able, the continuous tically whether him, the cycle m a prog with pr Most ter are those w policies the bus apt to r place. versely cate th develop tories, his bor period avoida for a

to consider in detail the merits of the Brookmire system of forecasting. It may not be out of place, however, to suggest that, in addition to the criticisms of his "forecaster" discussed by Mr. Vance, a further criticism may rest on the fact that it is designed primarily to indicate changes in commodity prices on the assumption that rises or declines of business prosperity do not occur without average commodity price changes in the same directions. A student of the year 1926 might regard this statement as open to some debate.

Passing over the discussion of security buying and the business cycle, we find that Chapter VII is devoted to the problem of how the manufacturer or the merchant who seeks to make the best use of the recent development of scientific business forecasting should adjust his manufacturing, inventory and financial policies to the recurring phases of the business cycle. The author rightly points out that this problem is much less simple than that of the investor in securities, because while the latter may quickly shift his investments and get out of the market altogether when desirable, the manufacturer or merchant must continue not only in business but also, practically speaking, in the same business whether conditions be good or bad. For him, therefore, adjustment to the business cycle means the scientific determination of a program of expansion and contraction with proper timing and sequence.

Most of the suggestions made in this chapter are pertinent and practical, particularly those which relate to advertising and selling policies during the liquidation period. But the business man may be forgiven if he is apt to regard them as obvious and commonplace. It is all very well to say, "Conversely when fundamental conditions indicate the coming of unfavorable business developments, he will dispose of his inventories, decrease his labor force, and pay back his borrowed money, so that the inevitable period of lean profits and possibly unavoidable loss will find him responsible for a business relatively smaller than he

would have if he simply conducted it in a routine way." The veriest tyro would know this! What the business man wants to know are the answers to such questions as these: When are fundamental conditions going to change? Is the change one month or three months or six months or a year distant? If still six months distant, may it not be possible to continue to reap large profits and postpone adjustment for another two or three months? Will the reaction when it does come be a major or a minor one? Is it likely to be prolonged or of short duration only?

It may be that such questions are unanswerable, because the answers depend so much upon what business men believe the answers will be and how they react to these beliefs—unanswerable, in other words, for the simple reason that a forecast believed and acted upon in time is a forecast that is sure to be disproved. Whether the explanation be found in this paradox of the forecasting art or whether it be due to the facts that the business cycle, like the old gray mare, "ain't what she used to be" and that further improvements in forecasting technique must be awaited, it is certain that the main trouble during the last three or four years has been with the forecasters rather than with the business man. The latter knows pretty well what he should do during each phase of the cycle but when he looks to the forecasters for precise information as to the exact stage of the cycle he is in at the moment and the nearness and character of the next stage, he is too likely to find, or so at least he thinks, little but confusion of tongues. As between the various forecasting agencies, he finds little agreement, especially during those clouded periods when guidance is most needed; all, or nearly all, are apt to speak to him in a technical jargon incomprehensible to any but the initiate; following the literature of an individual forecasting service over a period of a year or more he finds generalities that seem to have little practical working value, qualifications so abundant as to seem designed to take ad-

vantage of every possible loophole of escape, demonstrated errors of judgment that are frequently glossed over or left unexplained.

If this represented a judicial view of the work of the business forecasters, the indictment would be a serious one. Of course, it does not. It represents but the hasty reaction of the business man impatient for practical results, anxious for simple formulae, somewhat tired of receiving criticism and advice aplenty from a group of experts who have not yet been able to remove the beam from their own eye. It smacks too much of the fallacious view that business forecasting is a magical device automatically grinding out perfect answers to difficult business problems whereby the inexperienced and inefficient may become successful rather than just another necessarily imperfect tool for the use of experienced and efficient business executives. It sees only the imperfections which may justly be criticised and fails to take into consideration the really great contribution which scientific forecasting has already made to the art of practical business management. Much progress has yet to be made but the assistance rendered during the last three or four years, subject as it has been to serious criticism, has, in the reviewer's opinion, been one of the important factors responsible for the maintenance of business on such a high and comparatively stable level.

Because it recognizes so clearly the limitations to which business forecasting is subject and because it describes in such simple non-technical language the principles underlying the science and the technique by which these principles are applied, the book under review can be heartily recommended to the "active business man or investor who lacks either the time or the inclination to become an expert statistician, but who wishes to shape his business or investment policies upon a sound analysis of economic conditions." The book is subject to criticism in details and it obviously lacks balance in so far as the presentation of the

methods and merits of the various forecasting agencies are concerned, but in lucidity of statement, in forcefulness of illustration, in practical suggestions it has few rivals for the place which it seeks to fill.

W. C. CLARK, *Economist*,
S. W. Straus & Co.

Credit Analysis. By W. C. Schluter, Ph.D. Prentice-Hall, New York, 1925. 430 pages. \$5.00.

The preface states: "This book is written for bank and mercantile credit men, business executives, and students and teachers of commercial credit. The complete analysis of credit risks is a vast and complicated subject. Its manifold aspects require a thorough knowledge of all the social sciences." The fourteen chapters of this work covering more than four hundred pages fully bear out the above statement that it "is a vast and complicated subject," and the author has handled it in a way that makes the book very readable and gives the careful reader a thorough understanding of the subject.

To most of us, the word credit seems simple enough. As stated in Chapter I, "The Approach to Credit Risks": "In common parlance, the credit man grants credit. What the credit man actually does is to accept or reject credit. It is the customer who possesses, or does not possess, credit power or credit worth—the power to obtain goods, services, or money, with the promise to pay for the goods and services, or to repay the money at a certain time in the future. To determine whether the customer or applicant for credit has this power, to what degree he possesses it, and in what manner he seeks to use it is the work of the credit man. Here is the core of the problem of analyzing credit risks."

This work explains the many kinds or classes of credit and in Chapter II and III mentions the sources from which information may be obtained.

Chapter IV, "Credit Risks and the Business Cycle," is to me the most interesting chapter of the fourteen. "Neither business

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activity nor the status of the credit worth of a risk continues at any given level or at any steady rate of increase for a long period." To the average individual not connected with the granting of credit this statement may be surprising, but the explanation given in this chapter is entirely logical. "A business cycle is a series of business events operating cumulatively, constantly recurring at intervals of varying lengths, and different degrees of intensity. For the credit man these business vicissitudes have an important credit significance, for, as said before, no credit risk can be adequately judged without reference to the stage of the business cycle and to the relation of the industries to which the risk belongs." "The interaction of the factors peculiar to each phase and the cumulative effects which they produce bring about the succeeding phase. That is, one phase breeds the next, and the process is continuous, so that analysis may begin anywhere." The phases as given are "depression," "business revival," "prosperity," "liquidation." "Liquidation merges into depression and, as we have seen, depression engenders the factors which again bring about business revival." The factors operating in each phase are fully set out and analyzed.

Other chapters deal with "Neglected Elements in Credit," "Financial Statements in Credit Analysis," "The Source and Nature of Capital Employed in the Business," "The Uses Made of Capital Invested and in its Distribution Among the Assets," "The Supply and Position of Working Capital," "The Potential Productivity of Capital and Assets," "The Rate of Fixed Expansion," "Credit Aspects of the Management of Working Capital," "Credit Analysis and Principles of Budgeting," and "Indicators of Collections."

Much might be said of each of the above chapters, but taking the work as a whole and again expressing the thought in the preface, the book, *Credit Analysis*, will make a valuable addition to the working library of any business man whether he be

directly connected with the granting of credit or not.

A. D. SPEEDIE, *Comptroller*,
E. H. Rollins & Sons.

Vocational Guidance and Counseling.

By Alanson H. Edgerton, Ph.D. Macmillan, New York, 1926. 210 pages. \$1.60.

Professor Edgerton presents the results of an extensive investigation among representative schools throughout the country concerning the work that is being carried on in vocational guidance and counseling at the present time in junior high schools, as well as in continuation schools. The book should be of especial value to counselors and prospective counselors in furnishing them a perspective of the work now organized and a valuable insight into the present-day methods, conditions and relationships in numerous divisions of occupational work. Because this work, scientifically organized, is comparatively new, there has been no fixed standard as to what should constitute the nature and scope of the counselor's work in each type of school organization, and many persons, trained and untrained in this line of work, are not always clear as to what are the duties of their office.

A very complete survey is given of the vocational counseling being done in 143 cities, presenting the functions in details which most of the cities include in their guidance programs. The author gives complete tables of analysis of the functions being performed by counselors and the amount of training and experience possessed by persons who are now more or less successfully assuming responsibility for educational and vocational counseling. He makes very pertinent suggestions as to what tables are of especial value to the vocational counselor, the school administrator and the counselor training agencies.

Professor Edgerton's book ought to do a very great deal in the field of vocational counseling to establish standards of organization and to unify the duties and functions of counselors. It also provides valu-

able sources of information as to prevailing methods and shows how educational and vocational counseling can be carried forward in large as well as small communities with the greatest success.

PAUL W. VIETS, *Supervisor,
Placement Training,
Massachusetts Agricultural College.*

Workmen's Compensation Insurance.

By G. F. Michelbacher and Thomas M. Nial. McGraw-Hill, New York, 1925. 489 pages. \$4.00.

The authors are technically well qualified to handle their subject, since both are officials of the National Bureau of Casualty and Surety Underwriters. The book is a welcome addition to the literature on the subject of Workmen's Compensation, and Employers' Liability Insurance. It is intended as a text, for the use of the profession in particular, and for interested parties generally, including employers and students. A glance at the contents page reveals the ramifications of the study—calling for a knowledge and exposition of conditions centuries ago, as well as through the industrial revolution, and of all branches of industry today, together with acquaintance with the progress and reasoning back of labor and insurance legislation. Such a wide range can be but briefly covered in a book of this size, and yet the authors have succeeded in hitting the high spots, so that the reader secures an all-around glimpse of the various phases of the subject. Given an interest for further knowledge, references are included enabling the student to "carry on" if so inclined.

The book, in form, is an interesting division of the material into three parts—Injuries and Their Prevention; Methods of Indemnification for Industrial Injuries; and a detailed study of the principles and practices by which the companies carry on this form of insurance. In the first section, the authors are brief, but they are

able to bring before us a picture of the great variety in industrial accidents, and, more important still, there is emphasized the efforts that are being made to prevent such tragedies. There is point, indeed, to the urge that greater attention be given to the mental causes of accidents—a phase that is much before the world today in connection with the efforts to reduce automobile accidents. An interesting sidelight is that furnished on the time it takes to get action looking to the remedy for an evil; "Phossy Jaw," an affection arising from the old-time methods of manufacturing phosphorous matches, was discovered soon after 1830, and by 1840 there were sufficient cases to justify governmental action. Yet it was not until 1906 that international action led to the banning of such matches, and not until 1912 that the United States passed the requisite legislation. Soon afterwards, because pocketbooks had been touched, other and safer methods of manufacture were discovered—but think of the suffering caused by hundreds of workers and their families by reason of the 80-year delay!

In the second section, dealing with the Methods of Indemnification, there is treated the development of conditions which finally led to Workmen's Compensation Insurance—from the time just subsequent to serfdom up to the modern laws. An epic might well be written, for that subject is ingrained with the whole story of the rise of the industrial classes, a story which in itself occupies many volumes. It was a difficult time, this change from comradeship in industry to the human cog-wheel in a factory, and there were many problems to be met—some of them were not met, and the sidestepping resulted in inequalities before the law which eventually forced more humane treatment for the injured employee. The authors point out the origin of our present-day systems, and trace the history up to the present day—when there are still a few of our States that have not enacted legislation looking to Workmen's Compensation Insurance.

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Then there is given an epitome of the provisions of a typical law, with comments on some of the difficulties, such as the Admiralty cases confusion, and the Interstate subtleties. The legislation is still experimental, and the authors look for more ideal conditions, with universal coverage, and simplified procedure.

The third section is the major part of the book, and includes an enlightening discussion of insurance principles. There is perhaps some repetition, such as that in reference to Insurance and Prevention, on p. 207, amplifying what was touched on in p. 41. It is interesting to note that the book emphasizes the difficulties caused by the several States having diverse regulations for insurance—apparently, here is one more subject (added to divorce, automobile registration, corporation law, marriage law, etc.) that ought to be under Federal control, for the multiplicity of laws and rules and forms makes for expense and difficulty without any corresponding benefit to the worker and employer. The authors are to be commended for their frankness in dealing with these aspects of insurance legislation. Then there is taken up the various types of organization in the profession, with some detail as to the technical departments; some of this might well be enlarged upon, for the benefit of the average reader, and yet sufficient has been said to satisfy the insurance worker. In dealing with Re-insurance, there is a good discussion of the several plans, and a complicated subject is made easier of understanding. Some of the less widely known branches of Compensation Insurance are well handled—Rate-making, and Schedule and Experience Rating. The authors treat rather summarily of "Administrative Divisions," dismissing this group with a scant 15 words! The work of the Accounting Department in an insurance organization is of utmost importance, for there are large funds to be invested, not merely for the sake of safety and income, but for the trust nature of the Reserves. The collection part, too, has its own spe-

cial features, since the law has something to say about the manner in which the contract of insurance is to be handled. Further, there is the earning feature—a computation peculiar to casualty insurance, because of the delayed earnings received later in the form of audits. However, the book, all in all, is one that ought to be in the hands of all workers in casualty insurance offices. In the over 500 pages, there are: a Contents, a good Index, List of References, and many Appendices, making the book a work of reference.

E. ALFRED DAVIES, *Budget Supervisor,*
Liberty Mutual Insurance Company.

Breaking Through Competition. By Ray Giles. D. Appleton & Co., New York, 1926. 178 pages. \$2.00.

Mr. Giles' book begins—as should every book of serious purport—with a preface well worth reading. It is a clear introduction to the more ample discussion which follows.

Inevitably, some of the material it contains is every-day and commonplace to an advertising agency, but our continuous contact with advertisers makes it equally certain that many of them have not yet absorbed all of the obvious economic truths which Mr. Giles discusses.

The chapter "What Makes a Market" impresses us as one of the most important in the book. It is simple and obvious and contains many excellent suggestions to leaven the sales and advertising ideas of the average business house.

Another chapter which stands out for us is "Wanted—Specialties," because it points out certain dangers of over-specialization and over-standardization. Wherever either of these trends is converted into a fetich, serious consequences may follow. Within the last five years, we have seen one of our clients bring its business out of the doldrums by increasing their line after standardization on one product had greatly narrowed their market. During the same period, we have seen another

client increase his total business as well as his profit by reducing the number of items manufactured by 75 per cent.

Two other chapters impress us as containing valuable material for those who guide sales programs. These are "Youth Will Be Served" and "Winning Territory That Balks." The neglect of the viewpoint of youth has prevented many businesses from growing as they should. It is a fault that is common the world over, but more important in a country like the United States where the will of youth is dominant. To the neglect of this important situation may be ascribed most of the Church's troubles today in holding its following. The ideas in the chapter on "Balky Territories" should prove helpful to any manufacturer whose experience uncovers such conditions.

WILLIAM R. McLAIN, *President,*
McLain-Simpers Organization.

Distribution of Textiles. Bureau of Business Research, Cambridge, Mass., 1926. 190 pages. \$3.50.

All those concerned in the textile industry, whether they are manufacturers, wholesalers, cutters-up, or retailers, should most heartily welcome this volume.

The textile industry presents a particularly perplexing series of merchandising problems; for the several branches of the industry are dominated to varying degrees by style influences on the one hand, and are hampered by fluctuating prices of raw materials on the other. This volume deals completely with some of these problems. The solutions offered might be contested by some, but they will pave the way for further thought.

More than a thousand personal interviews were made with those interested in the textile industry in order to obtain as accurately as possible the data for this volume.

It contains five charts and fifty tables. The statistics will leave very little doubt

in the interested mind as to what becomes of all textiles.

It is divided into seven parts. Part one is a summary of the significant points which indicate the relative importance of the several segments of the market for woven textile fabrics during the year 1924; part two gives an explanation of the statistical methods used; part three presents data on the distribution of woolen and worsted cloth; part four on the distribution of rugs and carpets; part five on the distribution of silk cloth, ribbons, and threads; part six presents the data secured by the Bureau on the distribution of cotton cloth. In part seven is presented an analysis of the size of orders for cotton cloth received by cotton manufacturers and selling agencies from a group of representative wholesalers, cutters-up, and mail order firms, as well as an analysis of the records of orders placed by a group of department stores for cotton piece goods with selling agents and mills, with converters, and with wholesalers. The last part is particularly interesting in this present hand-to-mouth buying method.

The causes for so many small orders, as given in this volume, fall in three groups:

1. Those arising out of general business conditions.
2. Those representing efforts at lowering operating expenses.
3. Style tendencies.

An especially interesting feature is the showing of the trend of textiles as affected by the late war. Concisely, it divulges the fact that the war had a greater effect on the textile industry than one first contemplated. It will provoke thought and study with those who have the problems of distributing textiles to solve. It will open up a new channel for you to analyze.

All those directly or indirectly interested in the textile industry will find this volume of valuable assistance.

C. L. QUANTANCE, *Manager,*
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